

to project goals, and reflect serious consideration than to more subjective performance criteria that do not incorporate variables that reflect a reduction in energy cost or improvement in service.

(5) *Coordination with rural development initiatives.* Proposals that include documentation confirming coordination with State rural development initiatives may be credited points for this criterion.

(c) *Priority considerations.* Subject to the limitation in paragraph (a) of this section, evaluation points may also be awarded for projects that advance identified priority interests identified in the grant announcement to assist the Agency in selecting among competing projects when the amount of funding requests exceed available funds. The grant announcement may incorporate all or some of the priority criteria listed below, and as discussed in paragraph (a) of this section, the grant announcement may supplement these criteria. The announcement will also specify the points that will be awarded to qualifying applications under these priority criteria.

(1) *Community economic hardship.* Economic hardship points may be awarded where the median household income for the target community is significantly below the State average or where the target community suffers from economic conditions that severely constrain its ability to provide or improve energy facilities serving the community. Applicants must describe in detail and document conditions creating severe community economic hardship in the proposal.

(2) *Rurality.* Priority consideration may be given to proposals that serve smaller rural communities. Applications will be scored based on the population of the largest incorporated cities, towns or villages or census designated places included within the grant's proposed target area as determined using the latest available population figures from the U.S. Census Bureau.

(3) *Unserved energy needs.* Points may be awarded to projects that extend or improve electric or other energy services to eligible communities or areas of eligible communities that do not have

reliable centralized or commercial service.

(4) *Imminent hazard.* Additional points may be awarded for projects that correct a condition posing an imminent hazard to public safety, public welfare, the environment, or to a critical community or residential energy facility in immediate danger of failure because of a deteriorated condition, capacity limitation, or damage from a natural disaster or accident.

(5) *Cost sharing.* Projects that evidence significant commitments of funds, contributed property, equipment, or other in kind support for the project may be awarded additional points for this criterion where the aggregate value of these contributions exceed ten percent of total eligible project costs.

§ 1709.124 Grant award procedures.

(a) *Notification of applicants.* The Agency will notify all applicants in writing whether they have been selected for a grant award. Applicants that have been selected as finalists for a competitive grant award will be notified in writing of their selection and advised that the Agency may request additional information in order to complete the required environmental review under 7 CFR 1794 and to meet other pre-award conditions.

(b) *Letter of conditions.* The Agency will notify each applicant selected as a finalist in writing setting out the amount of grant funds and the terms and conditions under which the grant will be made and requesting that the applicant indicate in writing its intent to accept these conditions.

(c) *Applicant's intent to meet conditions.* Upon reviewing the conditions and requirements in the letter of conditions, the selected applicant must notify the agency in writing within the time period indicated, of its acceptance of the conditions, or if the proposed certain conditions cannot be met, the applicant must so advise the Agency and may propose alternate conditions. The Agency must concur with any changes proposed to the letter of conditions by the applicant before the application will be further processed.

(d) *Grant agreement.* The Agency and the grantee must sign a grant agreement acceptable to the Agency prior to the advance of funds.

§§ 1709.125–1709.200 [Reserved]

Subpart C—Bulk Fuel Revolving Fund Grant Program

§ 1709.201 Purpose.

This subpart establishes policies and procedures for the Rural Utilities Service (RUS) State Bulk Fuel Revolving Fund Grants. The purpose of this grant program is to assist State entities in establishing and supporting a revolving fund to provide a more cost-effective means of purchasing fuel for communities where the fuel cannot be shipped by means of surface transportation.

§ 1709.202 Policy. [Reserved]

§ 1709.203 Definitions.

As used in this subpart, the following definitions apply:

Eligible area means any area that is primarily dependent on delivery of fuel by water or air for a significant part of the year and where fuel cannot be shipped routinely by means of surface transportation either because of absolute physical constraints or because surface transportation is not practical or is prohibitively expensive.

Fuel means oil, diesel fuel, gasoline and other petroleum products, coal, and any other material that can be burned to make energy.

State entity means a department, agency, or instrumentality of any State.

Surface transportation means transportation by road, rail or pipeline.

§§ 1709.204–1709.206 [Reserved]

§ 1709.207 Eligible applicants.

Eligible applicants are restricted to State entities in existence as of November 9, 2000. Eligible State entities may partner with other entities, including other government agencies, in carrying out the programs funded by this program. Each applicant must demonstrate that it has the authority to enter into a binding agreement with

the Federal Government to carry out the grant activities.

§ 1709.208 Use of grant funds.

Grant funds must be used to establish and support a revolving loan fund that facilitates cost effective fuel purchases for persons, communities, and businesses in eligible areas. Where a recipient State entity's existing program is authorized to fund multiple purposes, grant funds may only be used to the extent the recipient fund finances eligible activities.

§ 1709.209 Limitations on use of grant funds.

Not more than 4 percent of the grant award may be used for the planning and administrative expenses of the grantee.

§ 1709.210 Application process.

(a) *Applications.* The Agency will solicit applications on a competitive basis by publication of a grant announcement establishing the amount of funds available, the maximum grant award, the required application materials and where to obtain them, the evaluation and selection criteria and weights, and application deadlines. Unless otherwise specified in the announcement, applicants must file an original application package and two copies. Where provided in the grant announcement, applicants may submit electronic applications.

(b) *Required forms.* The grant application will use the Standard Application for Federal Assistance (SF-424 series or its successor) and other forms as provided in the grant announcement. The required forms must be completed, signed and submitted by a person authorized to submit the proposal on behalf of the applicants. Where provided in the grant announcement, applicants may file electronic versions of the forms in compliance with the instructions in the grant announcement.

(c) *Narrative proposal and required elements.* Each grant application must include a narrative proposal describing the project and addressing the following elements. The form, contents, and order of the narrative proposal will